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1. Tito's forced industrialization of his country has led to one of the major points of conflict with Russia. Yugoslavia had been assigned by the Cominform to supply Czechoslovakia, Hungary, and Russia from its wealth of raw materials. Both Czechoslovakia and Hungary, countries far advanced in industrial techniques and possessing a highly trained force of industrial workers, were regarded as those best suited to realize increased output of industrial products and armaments for Russia.
2. Shortly after the end of the war Yugoslavia came to realize the significance of being aided by Russia. The latter failed to live up to its agreements concerning exchange of goods, and Tito gradually began to consider himself the victor in the Balkan sector. Hungary, Rumania, and Bulgaria he regarded as among the vanquished, and Russia, because of its distance came to occupy a constantly diminishing importance in his own mind. Thus he evolved his concept of a Balkan Federation under his own dictatorship, and this was born Yugoslavia's Five Year Plan for the country's industrialization. These factors created a dangerous precedent of action and thought independent of the Cominform, and led to Yugoslavia's split with the Politburo. The consequences of this split stopped the flow from Russia, Poland, Czechoslovakia, and Hungary of the machinery required for realization of Yugoslavia's Five Year Plan.
3. After its change in political orientation, Yugoslavia began to increase its westward export of foodstuffs, lumber, minerals, and other raw materials in order to obtain required machinery. At the same time no provision was made for imports of basic consumer goods. This forced export of foodstuffs and the current agricultural situation resulting from farm collectivization and the liquidation of German and Hungarian peasant minorities have led to economic disaster and an extremely low standard of living. Depredation of the country's forests for forced export of lumber at dumping prices will have catastrophic effects.
4. Despite Yugoslavia's extreme efforts to obtain machinery, the country's new State industries have given minimum results, in some cases can be regarded as failures, chiefly as the result of lack of qualified labor.

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5. The country's attempts to create an industrial working force by means of intensive training courses have been without success. Marxist-Leninist dogma and the will of Tito and Kidric have not sufficed to effect industrialization after the liquidation of the Serbian managerial class.
6. The greater part of works under the Five Year Plan are being carried out by a labor force composed of deportees, political prisoners, forced labor, "volunteer" workers recruited from all strata of the population, youth brigades, and military units. The production quotient of this group is not high.
7. Progress has been made in the following fields:
 - a. Building construction and housing, though frequently jerry-built and defective in planning and execution. New housing is reserved almost exclusively for the new ruling class. Factories, workshops, et cetera, are still bare of required machinery, and their production to date is almost non-existent.
 - b. Construction of new highways and rail lines.
 - c. Production of minerals and other raw materials.

B. Mining Industry.

8. Bor Copper Mine. The most important copper mine in Europe, the juridical question of its ownership is still not clarified. The Russians, who consider themselves the heirs of all former German properties in Eastern Europe, insist that they rightfully own the mine because of Germany's heavy war-time shareholdings in it. They further back their demand on the basis of 1945 - 46 Russian shipments of machinery to the Bor mine.
9. Yugoslavia's copper production is exported almost in its entirety, only a minimum part of it being processed in the following plants:
 - a. The Impol factory at Slovenska Bistrica south of Maribor. Production level is extremely low because of lack of machinery and skilled labor.
 - b. The "Novkabel" cable factory at Novi Sad. Its labor force includes a strong contingent of Italians from Trieste, and its production, chiefly for military use, consists of lead shielded, or paper or silk insulated telephone cables and copper tubing.
10. Antimony. Antimony is extracted from the mines at Krupanj, Bujanovac, and Zajaca in the eastern Drinaregion, and from the mine at Ivanica near Uzička Pozega. Almost entirely undamaged during the war, these mines have nearly doubled their production. Pre-war production amounted to 15,000 tons of raw ore; 880 tons of refined antimony exported. Production in 1949 - 50 amounted to 2,000 tons of pure antimony.
11. Lead and Zinc. Lead and zinc are extracted from the mines at Stari-Trg, Mazic, Zletovo (the latter two former British properties, along with the modern foundry at Zvecan), Supljastena (in the Plevlje region of Montenegro, a rich, recently discovered deposit), and Crna Vozzisk Dolini (sic) (Slovenia, former British property). Zinc, a secondary product of the more important activity of extracting lead from these mines, is processed in the vast smelters and rolling mills at Celje in Slovenia. Zinc oxide produced at Celje covers Yugoslavia's own requirements as well as furnishing an exportable surplus. Pre-war production amounted to 11,000 tons of lead and 5,000 tons of zinc, whereas the Five Year Plan calls for a production

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of 65,000 and 20,000 tons respectively. Current production (1949-50) amounts to 65-70,000 tons of lead, 11,500 tons of zinc, and constant attempt is being made to increase production for export in order to obtain foreign credits for purchase of industrial machinery in the West.

12. Chrome. Extracted from the mine at Radusa near Skoplje (exploited by the Aseo & Aladini Co. until 1940). Pre-war production of 44,000 tons has been greatly increased.
13. Molybdenum. Under the direction of German specialists, molybdenum is obtained from the mine at Mackatica in southern Serbia.
14. Mercury. Yugoslavia's mercury production represents 20 percent of that produced in the entire World and is five times the amount produced by Russia. Production of this mineral by the mines at Idria and Rogatie amounted to an annual 900-1,000 tons during 1949-50.
15. Pyrite. The principal source of Pyrite is the mine at Majdanpek which supplies the chemical industries of Sabac (Zorka), Krusevac, Celje, and Ljestrik; the mineral is also a secondary product of extraction at the Bor copper mine. Pre-war production (1937, 127,000 tons) has been considerably increased.
16. Bauxite. The product of the rich bauxite fields near Knin and Drnis are exported chiefly in the form of raw aluminum. The aluminum industries at Siveric and Lozovac have been developed since war's end. A new section consisting of 14 furnaces has recently been added to the Lozovac smelter. It is currently planned to build at Strisce a new aluminum plant which is to be Europe's largest.

C. Post-War Railway Construction.

17. The following new rail lines are intended chiefly to link mineral producing regions with industrial centers, and have been constructed with a view to strategic considerations:
 - a. Ircko-Banovici;
 - b. Samac-Sarajevo;
 - c. Niksic-Titograd (narrow gauge);
 - d. Titograd-Skadar;
 - e. Kursumlija-Pristina;
 - f. Ljubija-Brezicani;
 - g. Kreka-Tuzla;
 - h. Kucevo-Brodice;
 - i. Banjaluka-Bihac-Knin (Adria);
 - j. Belgrade-Zagreb (double track line);
 - k. Tuzla-Bijelina-Bosut;
 - l. Tuzla-Loznica-Banja Kovilaca-Sabac;
 - m. Slaplje-Gostivar-Ohrid (the so-called "chrome line");
 - n. Kumanovo-Ovcje Polje;
 - o. Gumbisno Polje-Bastanji.

